

AMENDED IN ASSEMBLY AUGUST 18, 2003

AMENDED IN ASSEMBLY JULY 14, 2003

AMENDED IN ASSEMBLY JUNE 26, 2003

AMENDED IN SENATE APRIL 10, 2003

SENATE BILL

No. 162

Introduced by Senator Alarcon

February 11, 2003

An act to amend Sections 8869.80 and 8869.84 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 162, as amended, Alarcon. Federal tax credits: housing: teachers.

Existing law declares that a substantial public benefit is served by providing federal tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, and assistant principals who are willing to serve in low-performing schools to purchase a home. Existing law authorizes the California Debt Limit Allocation Committee to establish the Extra Credit Teacher Home Purchase Program to provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to eligible teachers, principals, vice principals, and assistant principals who agree to teach or provide administration in a low-performing school.

This bill would authorize the Extra Credit Teacher Home Purchase Program to additionally provide federal mortgage credit certificates and reduced interest rate loans funded by mortgage revenue bonds to ~~other specified administrators in low-performing schools, and~~

classified employees in a ~~low-performing~~ *high priority* school-district. It would require priority for assistance to be given to eligible teachers, principals, vice principals, and assistant principals.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8869.80 of the Government Code is
2 amended to read:

3 8869.80. The Legislature hereby finds and declares all of the
4 following:

5 (a) The Tax Reform Act of 1986 (Public Law 99-514)
6 establishes a unified volume ceiling on the aggregate amount of
7 private activity bonds that can be issued in each state. The unified
8 volume ceiling is the product of seventy-five dollars (\$75)
9 multiplied by the state population in 1987 and fifty dollars (\$50)
10 multiplied by the state population in each succeeding calendar
11 year.

12 (b) The federal act requires each state to allocate its volume
13 ceiling according to a specified formula unless a different
14 procedure is established by Governor's proclamation or state
15 legislation.

16 (c) Therefore, it is necessary to designate a state agency and
17 create an allocation system to administer the state unified volume
18 ceiling.

19 (d) A substantial public benefit is served by promoting housing
20 for lower income families and individuals.

21 (e) A substantial public benefit is served by preserving and
22 rehabilitating existing governmental assisted housing for lower
23 income families and individuals.

24 (f) A substantial public benefit is served by providing federal
25 tax credits or reduced interest rate mortgages to assist teachers,
26 principals, vice principals, assistant principals, and classified
27 employees who are willing to serve in ~~low-performing~~ *high*
28 *priority* schools to purchase a home.

29 SEC. 2. Section 8869.84 of the Government Code is amended
30 to read:

1 8869.84. (a) The committee shall, as soon as is practicable
2 after the start of each calendar year, determine and announce the
3 state ceiling for the calendar year.

4 (b) The entire state ceiling for each calendar year is hereby
5 allocated to the committee to further allocate to state and local
6 agencies as provided in this chapter.

7 (c) The committee shall prepare application forms and
8 announce procedures for receipt and review of applications from
9 state and local agencies desiring to issue private activity bonds.

10 (d) The committee may at any time, before or after granting any
11 allocations in any calendar year to any state agencies or local
12 agencies, announce priorities or reservations of any part of the
13 state ceiling not theretofore allocated either for certain categories
14 of bonds or categories of issuers.

15 (e) The committee may require any issuer making an
16 application to the committee or MBTCAC for allocation of a
17 portion of the state ceiling to make a deposit, as determined by the
18 committee, of up to 1 percent of the portion requested. If an
19 allocation is not given, the deposit shall be returned. If an
20 allocation is given, the deposit shall be kept (in proportion to the
21 amount of allocation given) until bonds are issued. Upon that
22 issuance, the deposit shall be returned to the issuer in an amount
23 equal to the product of (1) the amount of the deposit retained times
24 (2) the ratio between the amount of bonds issued divided by the
25 amount of allocation granted. If no bonds are issued prior to the
26 expiration of the allocation, the deposit shall be kept, unless the
27 committee determines there is good cause to return all or part of
28 the deposit. Any portion of a deposit kept shall be deposited in the
29 fund.

30 (f) The committee may transfer part of the state ceiling to the
31 MBTCAC, to be used for qualified mortgage bonds and exempt
32 facility bonds, as those terms are used in the Internal Revenue
33 Code, for qualified residential rental projects, as those terms are
34 used in the Internal Revenue Code, (together referred to as
35 “housing bonds”), with directions and conditions pursuant to
36 which MBTCAC may allocate those amounts to issuers of housing
37 bonds at both the state and local level. In carrying out these
38 functions, MBTCAC shall act solely as directed or authorized by
39 the committee. If the committee makes the transfer to MBTCAC
40 authorized by this subdivision, the references in Sections 8869.85,

1 8869.86, 8869.87, and 8869.88 to the “committee” shall, for
2 purposes of any housing bonds, be deemed to mean MBTCAC.

3 (g) (1) The committee may establish the Extra Credit Teacher
4 Home Purchase Program to provide federal mortgage credit
5 certificates and reduced interest rate loans funded by mortgage
6 revenue bonds to eligible teachers, principals, vice principals,
7 assistant principals, *and* classified employees, ~~—and other~~
8 ~~administrators~~ who agree to teach or provide administration or
9 ~~service in a low-performing school; and classified employees who~~
10 ~~are employed in a low-performing school district. Priority for~~
11 ~~service in a high priority school. Priority for~~ assistance shall be
12 given to eligible teachers, principals, vice principals, and assistant
13 principals.

14 (2) For purposes of this program, the following definitions
15 shall apply:

16 (A) ~~“Low-performing”~~ “*High priority school*” means a state
17 K-12 public school that is ranked in the bottom half of the
18 Academic Performance Index developed pursuant to subdivision
19 (a) of Section 52052 of the Education Code. However, priority
20 shall be given to schools that are ranked in the lowest three deciles.

21 (B) ~~“Low-performing school district” means a school district~~
22 ~~where more than 50 percent of the public schools in the district are~~
23 ~~low-performing schools.~~

24 (C) —

25 (B) “Classified employee” means an employee of a school
26 district, employed in a position not requiring certification
27 qualifications.

28 (3) The committee may make reservations of a portion of future
29 calendar year state ceiling limits for up to five future calendar
30 years for that program. The committee may also make future
31 allocations of the state ceiling for up to five years for any issuer
32 under that program. Any future allocation made by the committee
33 shall constitute an allocation of the state ceiling for a future year
34 specified by the committee and shall be deemed to have been made
35 on the first day of the future year so specified. The committee may
36 condition allocations under the Extra Credit Teacher Home
37 Purchase Program on any terms and conditions that the committee
38 deems necessary or appropriate, including, but not limited to, the
39 execution of a contract between the teacher, principal, vice
40 principal, assistant principal, *or* classified employee, ~~—or other~~

1 ~~administrator~~ and the issuer whereby the teacher, principal, vice
2 principal, assistant principal, *or* classified employee, ~~or other~~
3 ~~administrator~~ agrees to comply with the terms and conditions of
4 the program. The contract may include, among other things, an
5 agreement by the teacher, principal, vice principal, assistant
6 principal, *or* classified employee, ~~or other administrator~~ to teach
7 or provide administration or service ~~in a low-performing school,~~
8 ~~or by the classified employee to work for a low-performing school~~
9 ~~district, in a high priority school~~ for a minimum number of years,
10 and provisions for enforcing the contract that the committee deems
11 necessary or appropriate.

12 (4) If a teacher, principal, vice principal, assistant principal, *or*
13 classified employee, ~~or other administrator~~ does not fulfill the
14 requirements of a contract entered into pursuant to paragraph (3),
15 the issuer of the mortgage credit certificate or mortgage revenue
16 bond may recover as an assessment from the teacher, principal,
17 vice principal, assistant principal, *or* classified employee, ~~or other~~
18 ~~administrator~~ a monetary amount equal to the lesser of (A)
19 one-half of the teacher's, principal's, vice principal's, assistant
20 principal's, *or* classified employee's, ~~or other administrator's~~ net
21 proceeds from the sale of the related residence or (B) the amount
22 of monetary benefit conferred on the teacher, principal, vice
23 principal, assistant principal, *or* classified employee, ~~or other~~
24 ~~administrator~~ as a result of the federal mortgage credit certificate
25 or reduced interest rate loan funded by a mortgage revenue bond,
26 offset by the amount of any federal recapture, as defined by
27 Section 143(m) of the Internal Revenue Code. The assessment
28 may be secured by a lien against the residence, which shall decline
29 in amount over the term of the contract as the teacher, principal,
30 vice principal, assistant principal, *or* classified employee, ~~or other~~
31 ~~administrator~~, fulfills the term of the contract, and which shall be
32 collected at the time of sale of the residence. Any assessment
33 collected pursuant to this paragraph shall be used for the issuer's
34 costs in administering the Extra Credit Teacher Home Purchase
35 Program. The issuers shall report annually to the committee the
36 total amount of any assessments collected pursuant to this
37 paragraph and how those assessments were used by the issuer.

38 (5) If the committee establishes the Extra Credit Teacher Home
39 Purchase Program pursuant to this subdivision, the committee

1 shall report annually to the Legislature the results of the program,
2 including all of the following:

3 (A) The amount of state ceiling limits allocated to or reserved
4 for the program.

5 (B) The agencies to which state ceiling limits were issued.

6 (C) The number of loans or mortgage credit certificates issued
7 to teachers, principals, vice principals, assistant principals, *and*
8 classified employees,~~and other administrators.~~

9 (D) The schools or school districts at which recipients of
10 assistance are employed, aggregated by decile in which the schools
11 rank on the Academic Performance Index and by the percentage
12 of uncredentialed teachers employed at the schools.

13 (6) The committee shall not make any reservations of future
14 calendar year state ceiling limits or future allocations of the state
15 ceiling pursuant to this subdivision on or after January 1, 2004,
16 unless a later enacted statute, that is enacted before January 1,
17 2004, deletes or extends that date. However, reservations and
18 allocations made prior to that date shall remain valid.

